

NCUA LETTER TO CREDIT UNIONS

**NATIONAL CREDIT UNION ADMINISTRATION
1775 Duke Street, Alexandria, VA 22314**

DATE: December 2017 **LETTER NO.:** 17-CU-08

TO: Federally Insured Credit Unions

SUBJ: Interagency Supervisory Guidance for Institutions Affected by a Major Disaster

ENCL: Supervisory Letter - Interagency Supervisory Guidance for Institutions Affected by a Major Disaster

Dear Board of Directors and Chief Executive Officer:

A significant number of credit unions have been impacted by major disasters in 2017, including severe hurricanes and record-breaking flooding in Texas, Florida, Georgia, Puerto Rico, and the U.S. Virgin Islands. The NCUA recognizes that disasters of this type present unique challenges for credit union management as you seek to mitigate the disaster's impact on the health and stability of your institutions.

The attached supervisory letter provides all federally insured credit unions with guidance given to the NCUA field staff concerning examinations of credit unions affected by a major disaster. This guidance was produced jointly by the four federal financial institution regulators and is formatted for banking regulators' CAMELS rating system, but applies equally to the NCUA's CAMEL rating system.¹

The guidance outlines supervisory practices examiners follow as they assess the financial and operational condition of insured depository institutions that have been directly affected by an event that results in a Presidential declaration of a major disaster. It highlights both the importance of examiner flexibility in addressing issues faced by affected institutions and the critical need to accurately portray the financial and operating condition of those institutions. The guidance also encourages examiners to retain flexibility in their follow up supervisory plans, given the unique and long-term nature of the problems these institutions face.

I encourage you to review the guidance and to contact your regional office or state supervisory authority if you have any questions.

¹ The four federal financial institution regulators are the Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and the Board of Governors of the Federal Reserve System.

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Sincerely,

/s/

J. Mark McWatters
Chairman

Enclosure

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